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Weekly Hog Report

September 15, 2014

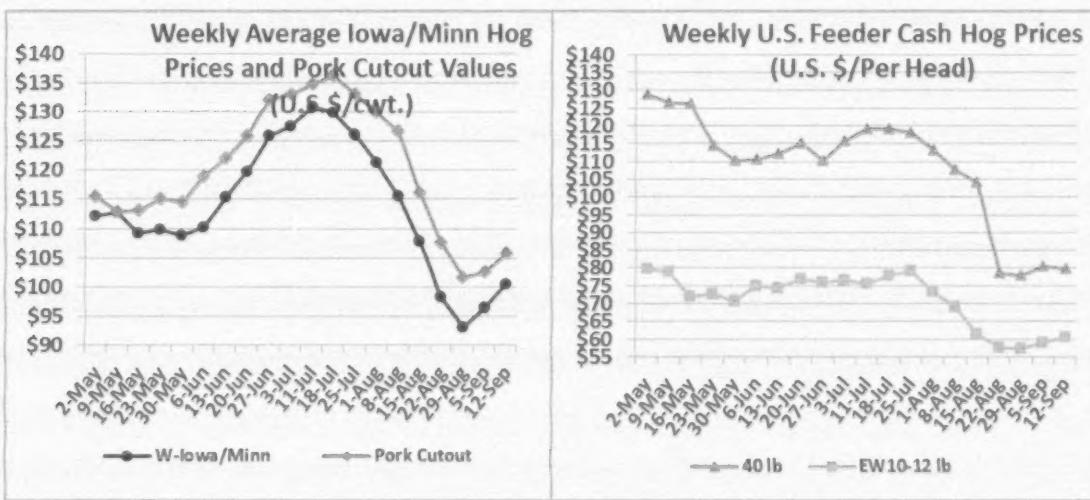
Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) moved higher over the week and ended higher, week-over-week. Hog prices on Friday averaged US\$102.98 per cwt, up US\$4.28 per cwt or 4.3 per cent from US\$98.70 per cwt the previous Friday. The negotiated base price for the week averaged US\$102.08 per cwt, up US\$5.69 per cwt or 5.9 per cent from US\$96.39 per cwt the previous week.

In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday September 12, 2014 was \$207.43 per ckg, up \$14.76 per ckg or 7.7 per cent from \$192.67 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged \$202.89 per ckg, up \$15.64 per ckg or 8.4 per cent from the previous weeks' average price of \$187.25 per ckg. The Canadian dollar closed Friday at 90.14 cents, down 1.76 cents from the previous Friday close of 91.90 cents.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were mixed last week. Weighted average cash prices for iso-weans (12lb) last week were US\$60.57 per head, up US\$1.78 per head from US\$58.79 per head the previous week. Feeders (40lb) were US\$79.95 per head, down US\$0.47 per head from US\$80.42 per head the previous week.



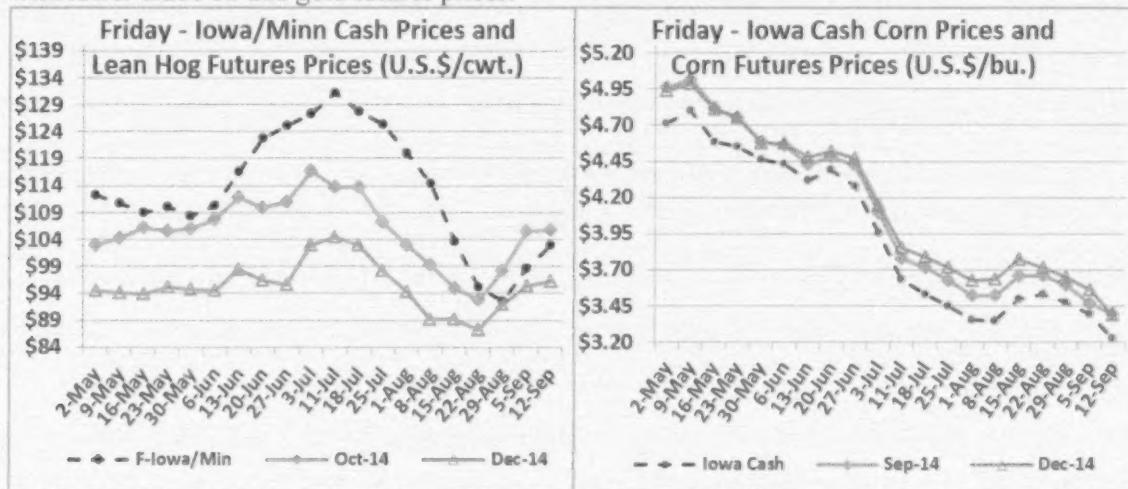
Source: LMIC

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Futures Markets

Lean hog futures prices were higher early last week, but not able to hold the gains pulling back Thursday and Friday. Week-over-week, the October contract was up slightly to settle Friday at US\$105.700 per cwt, while the December contract increased US\$0.850 per cwt to settle Friday at US\$96.300 per cwt. Lean hog future markets likely followed the general markets last week, including feeder cattle and live cattle futures; higher early in the week only to fall back later in the week.

The nearby corn, wheat, and soybean futures prices were lower week-over-week, along with lower crude oil and gold futures prices.



Source: CME

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Iowa cash corn prices continued lower, week-over-week, decreasing 17 cents per bushel to end Friday at US\$3.22 per bushel. The September corn futures contract was down over 7 cents to settle Friday at US\$3.39 per bushel, while the December corn futures contract was down over 17 cents to settle Friday at \$3.38½ per bushel. On September 11 the USDA released the latest U.S. corn crop estimates which projected record corn yields.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection last week ending September 13 were estimated at 2.053 million head, up 15.3 per cent from 1.780 million head the previous shorter holiday week, but down 5.4 per cent from 2.171 million head from the same week a year ago. Weekly U.S. slaughter numbers last reached 2.053 million head the first week of March. U.S. hogs slaughtered over the last four weeks averaged 1.951 million head, down 8.9 per cent from 2.141 million head the same four week period a year ago.

In Canada, federal and provincial hog slaughter numbers for the shorter Labor Day week ending September 7, 2014 were estimated at 345,807 head, down 14.3 per cent from 403,454 head the previous week, and down 1.0 per cent from 349,347 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending September 7 were estimated to average 388,925 head, up 0.8 per cent from 385,911 head over the same period a year ago. Year-to-date, hogs slaughtered in Canada as of September 7 totaled 14.087 million head, down slightly from 14.117 million head over the same time period in 2013.

Meat Production

U.S. pork production for the week ending September 13 was estimated at 434.9 million lb., up 15.0 per cent from 378.3 million lb. the previous shorter Labor Day week, but down 1.8 per cent from 442.8 million lb. the same week a year ago. Pork production over the last four weeks ending September 13 was estimated to average 414.6 million lb., down 4.8 per cent from 435.8 million lb. over the same four week period a year ago.

U.S. beef production for the week ending September 13 was estimated at 481.1 million lb., up 14.4 per cent from 420.5 million lb. the previous shorter holiday week, but down 1.4 per cent from 487.9 million lb. over the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending September 6, 2014, was estimated at 1.925 billion lb., down 1.3 per cent from 1.951 billion lb. over the same four weeks a year ago, and down 1.9 per cent year-to-date.

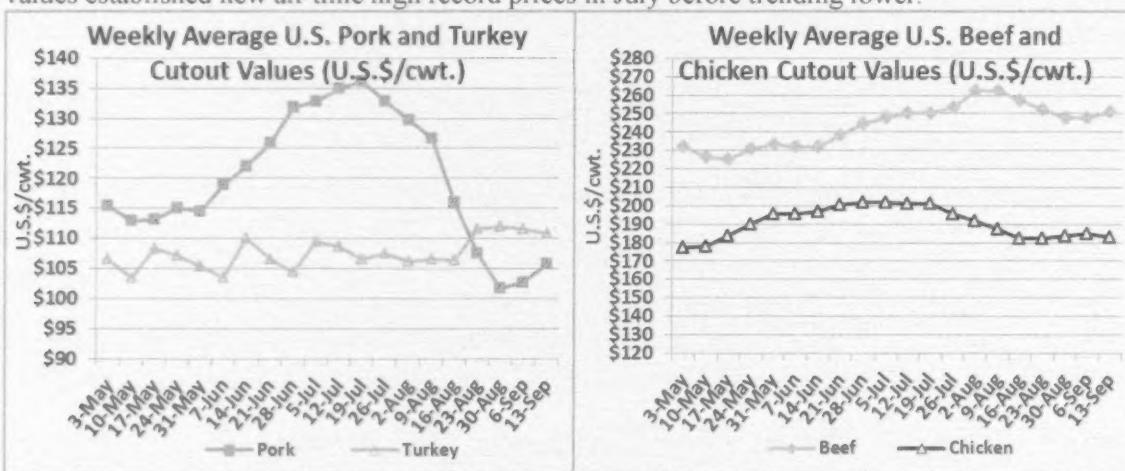
United States Weekly Meat Production

(Sept. 6) Four Week Average - Million Lb.	Percent Change		
	2013	2014	4wk. 2014
Pork	436.2	413.3	-5.2%
Beef	492.5	459.1	-6.8%
Chicken	896.9	924.5	3.1%
Turkey	125.4	128.5	2.4%
Total	1,951.0	1,925.4	-1.31%
			-1.89%

Source: LMIC

Cutout Values

U.S. pork cutout values for the week ending September 13, 2014 averaged US\$105.81 per cwt, up US\$3.14 per cwt or 3.1 per cent from US\$102.67 per cwt from the previous week, and up 9.0 per cent from US\$97.10 per cwt the same week a year ago. Pork cutout values established new all-time high record prices in July before trending lower.



Source: LMIC

Source: LMIC

Average beef cutout values (Choice 600-900 lb.) for the week ending September 13 averaged US\$251.08 per cwt, up US\$3.46 per cwt from the average price of US\$247.62

per cwt from the previous week, and up 29.6 per cent from US\$193.71 per cwt the same week a year ago. While beef cutout values have declined from their all-time high record prices in early August, they have maintained good price support to date.

USDA World Agricultural Supply and Demand Estimates (WASDE)

On September 11 the USDA released the September World Agricultural Supply and Demand Estimates (WASDE). United States corn production estimates for the current crop were increased 363 million bushels to 14.395 billion bushels from the August estimates. Corn yields were increased 4.3 bushels per acre to record production of 171.7 bushels per acre. While corn usage and exports were increased from the August estimates, ending stock estimates still increased by 10.7 per cent to just over 2 billion bushels. USDA's September's estimates were higher than August's, and were higher than the average trade estimates of 170.7 bushels per acre with total production of 14.3 billion bushels. The U.S. average farm price estimate for corn was reduced 35 to 45 cents (low to high side) to a price range of US\$3.20 to US\$3.80 per bushel.

U.S. soybean production estimates for September were increased 1.2 bushels per acre for production of 46.6 bushels per acre increasing total production estimates to 3.913 billion bushels. Higher estimated soybean usage and exports helped offset some production only increasing ending stocks by 1.2 per cent to 475 million bushels. Average trade estimates for yield and production were slightly below the USDA estimates. Average farm price estimates were reduced 35 cents to range from US\$9.00 to US\$11.00 per bushel.

The September USDA WASDE report estimated that United States Red Meat and Poultry production for 2014 will be 92.056 billion lb., a slight decrease from the August estimates, and a 1.4 per cent decline from 2013 production. Pork production estimates for 2014 were decreased slightly from the August estimates to 22.774 billion lb., and are estimated to be 1.8 per cent below the 2013 production numbers. U.S. beef production estimates in September were revised 1.0 per cent lower from August and will be down 5.4 per cent from 2013; down more than any other meat. United States meat production for 2014 is projected to decrease for pork (-1.8%), turkeys (-1.4%), and beef (-5.4%), but increase for broilers (+1.6%), from 2013 production.

USDA September World Agricultural Supply and Demand Estimates

Quarter		Million Pounds				Total Red Meat & Poultry
		Beef	Pork	Broiler	Turkey	
2013	Annual	25,720	23,187	37,830	5,805	93,333
2014	Aug. Proj.	24,561	22,779	38,399	5,711	92,234
2014	Sept. Proj.	24,321	22,774	38,451	5,726	92,056
% Chg.	Aug.-Sept	-0.98%	-0.02%	0.14%	0.26%	-0.19%
% Chg.	2013-14	-5.44%	-1.78%	1.64%	-1.36%	-1.37%

Source: USDA August WASDE Report, September 11, 2014

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